

CITY COUNCIL REPORT

FORMAL AGENDA

TO: Jerome Miller AGENDA DATE: March 21, 2012
Deputy City Manager

FROM: Neil Mann ITEM: 76 PAGE: 134
Acting Water Services Director

SUBJECT: BACK UP TO ITEM 76 ON THE MARCH 21, 2012 FORMAL AGENDA:
AWARD BID AND SELL CITY-OWNED LAND IN MCMULLEN VALLEY

This report provides additional information regarding the bid solicitation and sale of City-owned land in McMullen Valley, La Paz County, Arizona, near the towns of Salome and Wenden.

THE ISSUE

The City originally purchased the land in 1986 for harvesting ground water from the McMullen Valley area in La Paz County to supplement City water supply. Since that time, the City has augmented water supplies with additional surface water resources. In addition, subsequent analysis showed that the cost for infrastructure needed to import the water to the City would be excessive.

Prompted by an offer to purchase the property in early 2011, the City conducted a sealed bid solicitation process to sell the approximately 12,900 acres of land including assignment of the existing State Land lease of 1,040 acres. After a 45-day advertisement period at a minimum bid of \$25,370,000, the City received one bid which was considered non-responsive because it did not meet the terms and conditions of the solicitation.

The City re-advertised the property by a sealed bid solicitation in November 2011 for a minimum bid of \$23,813,000. This solicitation included extending the advertisement period to 90 days and advertising in national farm publications. The City received the following four bids, which were opened on February 21, 2012.

Bidder	Bid
International Farming Corporation, LLC/ Arizona Farming LLC	\$30,000,000
Freeport McMoRan	\$28,510,000
Resource Land Holdings	\$21,225,000
MFC Imperial 1, LLC	\$21,155,000

The sealed bid solicitation requires that the successful bidder execute a purchase contract, in the form of the City's draft purchase agreement, modified to conform to all terms and conditions of the bid solicitation, no later than 30 business days from receipt of the bid award letter. If the successful bidder fails to complete the purchase within the 60-day period, the City will retain \$250,000 as liquidated damages.

The high bidder, International Farming Corporation (IFC), is an alternative investment firm that specializes in the agricultural sector. IFC and its affiliates were founded in 1871 and have over 139 years of continuous agricultural experience. IFC has stated that they have cash available for closing and no financing will be needed. The property will be conveyed subject to all existing leases.

RECOMMENDATION

Based on the terms and of the solicitation and bids received, staff recommends that the bid be awarded to the highest responsive and responsible bidder, International Farming Corporation (IFC). Staff has confirmed that IFC accepts and will comply with all terms and conditions of the solicitation. Conveyance of the property to IFC is supported locally in La Paz County.